

CR 2021/49A1 - Addendum - Cassini Resources Limited - demerger and scrip for scrip roll-over

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Addendum

Class Ruling

Cassini Resources Limited – demerger and scrip for scrip roll-over

This Addendum is a public ruling for the purposes of the *Taxation Administration Act 1953*. It amends Class Ruling CR 2021/49 to include two examples in Appendix 1 of the Ruling.

CR 2021/49 is amended as follows:

1. Paragraph 25

At the end of the third dot point, insert footnote 2A:

^{2A} For a worked example, see paragraphs 56A to 56C of this Ruling.

2. Paragraph 26

At the end of the second dot point, insert new footnote 2B:

^{2B} For a worked example, see paragraphs 56D to 56F of this Ruling.

3. Appendix 1 Table of Contents (preceding paragraph 47)

After the last entry in the Table of Contents, insert:

<u>Example 1 – consequences of choosing the roll-over</u>	56A
<u>Example 2 – consequences of not choosing the roll-over</u>	56D

4. Paragraph 56

(a) After the paragraph, insert:

Example 1 – consequences of choosing the roll-over

56A. *At the Record Date, Brian, an Australian resident, owned 10,000 Cassini shares that he acquired for 12 cents per share. On the implementation of the Acquisition Scheme, he received 146 OZ shares (being 10,000 Cassini shares ÷ 68.5 Cassini shares per OZ share, rounded to the nearest whole number); see paragraph 37 of this Ruling.*

56B. *Brian's capital proceeds from the disposal of his Cassini shares was 20.1156 cents per share (being the total market value of the OZ shares divided by the number of Cassini shares, that is, (146 × \$13.7778) ÷ 10,000); see paragraph 19 of this Ruling. His cost base and reduced cost base for each Cassini share was 10.2438 cents (being 12 cents – 1.7562 cents⁵), taking into account the effect of CGT event G1 happening as a result of the Demerger Scheme; see*

paragraphs 13 to 15 of this Ruling. Brian made a capital gain of 9.8718 cents per share (being 20.1156 cents – 10.2438 cents), or \$987.18 overall. As he is entitled to choose, and does choose, the scrip for scrip roll-over, he disregards the capital gain; see paragraph 25 of this Ruling.

56C. Brian works out the first element of the cost base and reduced cost base of each of his OZ shares to be \$7.02 (being the total of the cost bases of the Cassini shares apportioned across the OZ shares, that is, $(10,000 \times 10.2438 \text{ cents}) \div 146$); see paragraph 25 of this Ruling.

Example 2 – consequences of not choosing the roll-over

56D. At the Record Date, Rosemary, an Australian resident, owned 4,000 Cassini shares that she acquired for 25 cents per share. On the implementation of the Acquisition Scheme, she received 58 OZ shares (being 4,000 Cassini shares \div 68.5 Cassini shares per OZ share, rounded to the nearest whole number); see paragraph 37 of this Ruling.

56E. Rosemary's capital proceeds from the disposal of her Cassini shares were 19.9778 cents per share (being the total market value of the OZ shares divided by the number of Cassini shares, that is, $(58 \times \$13.7778) \div 4,000$); see paragraph 19 of this Ruling. Her cost base and reduced cost base for each share was 23.2438 cents (being 25 cents – 1.7562 cents), taking into account the effect of CGT event G1 happening as a result of the Demerger Scheme; see paragraphs 13 to 15 of this Ruling. Rosemary made a capital loss of 3.2660 cents per share (being 23.2438 cents – 19.9778 cents), or \$130.64 overall. Therefore, she is not entitled to the scrip for scrip roll-over.

56F. Rosemary must take the capital loss into account when preparing her tax return for the income year ended 30 June 2021. She works out the first element of the cost base and reduced cost base of each of her OZ shares to be \$14.84 (being the total market value of the Cassini shares apportioned across the OZ shares, that is, $(4,000 \times 21.52 \text{ cents}) \div 58$); see paragraph 26 of this Ruling.

- (b) After the words '1.7562 cents' in paragraph 56B, insert new footnote 5:

⁵ Rounded to four decimal places.

This Addendum applies on and from 1 July 2021.

Commissioner of Taxation

25 August 2021

ATO references

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 ATOLaw topic: Income tax ~ Assessable income ~ Dividend income ~ Deemed income
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shares

Income tax ~~ Capital gains tax ~~ Capital proceeds

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